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NSC Meeting

US-Soviet Policy

16 December 1982

1400 hrs

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December 15, 1982

MEMORANDUM FOR:

Mr. Donald P. Gregg
Assistant to the Vice President for
National Security AffairsMr. L. Paul Bremer, III
Executive Secretary
Department of StateMr. David Pickford
Executive Secretary
Department of the TreasuryLieutenant Colonel W. Richard Higgins
Assistant for Interagency Matters
Office of the Secretary of DefenseMr. Raymond Lett
Executive Assistant to the Secretary
Department of AgricultureMs. Helen Robbins
Executive Assistant to the Secretary
Department of CommerceDr. Alton Keel
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Security and International Affairs
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Executive Secretary
Central Intelligence AgencyB
Ms. Jackie Tillman
Executive Assistant to the
United States Representative to
the United Nations
Department of StateD
Colonel George A. Joulwan
Executive Assistant to the
Chairman, Joint Chiefs of
StaffB
Mr. Joseph Presel
Executive Secretary
Arms Control and Disarmament Agency—
Ms. Teresa Collins
Chief, Secretariat Staff
Executive Secretariat
United States Information AgencySUBJECT: NSSD 11-82: NSC Meeting to Review Draft NSDD
Thursday, December 16, 1982 2:00 p.m.
The Cabinet Room (S)

In the draft which was distributed to you via my memo of December 14, Agriculture's dissent was not noted: we learned of it only subsequently. You may wish to make this addition to the respective footnotes on pages 2 and 2a of the draft NSDD. Copies of the revised pages are attached for substitution purposes. (S)

Dona Shore for
Michael O. Wheeler
Staff Secretary

Attachment: New pages 2 and 2a with changed footnote.

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-2-

Shaping the Soviet Environment: Arenas of Engagement

Implementation of U.S. policy must focus on shaping the environment in which Soviet decisions are made both in a wide variety of functional and geopolitical arenas and in the U.S.-Soviet bilateral relationship.

A. Functional

1. Military Strategy: The U.S. must modernize its military forces -- both nuclear and conventional -- so that Soviet leaders perceive that the U.S. is determined never to accept a second place or a deteriorating military posture. Soviet calculations of possible war outcomes under any contingency must always result in outcomes so unfavorable to the USSR that there would be no incentive for Soviet leaders to initiate an attack. The future strength of U.S. military capabilities must be assured. U.S. military technology advances must be exploited, while controls over transfer of military related/dual-use technology, products, and services must be tightened.

In Europe, the Soviet must be faced with a reinvigorated NATO. Worldwide, U.S. general purpose forces must be strong and flexible enough to affect Soviet calculations in a wide variety of contingencies. In the Third World, Moscow must know that areas of interest to the U.S. cannot be attacked or threatened without risk of serious U.S. military countermeasures.

2. Economic Policy: U.S. policy on economic relations with the USSR must serve strategic and foreign policy goals as well as economic interests. In this context, U.S. objectives are:

- Above all, to ensure that East-West economic relations do not facilitate the Soviet military buildup. This requires prevention of the transfer of critical technology and equipment that would make a substantial contribution directly or indirectly to Soviet military power.
- To induce the USSR to shift capital and resources from the defense sector to capital investments and consumer goods.*
- To avoid subsidizing the Soviet economy or unduly easing the burden of Soviet resource allocation decisions, so as not to dilute pressures for structural change in the Soviet system.
- To seek to minimize the potential for Soviet exercise of reverse leverage on Western countries based on trade, energy supply, and financial relationships.

* The Departments of State, Treasury and Agriculture object to this statement and would like it removed.

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-2a-

- To refrain from assisting the Soviet Union with developing natural resources with which to earn, at minimal cost to itself, hard currency.*
- To permit mutually beneficial trade -- without Western subsidization or the creation of Western dependence -- with the USSR in non-strategic areas, such as grains.

The U.S. must exercise strong leadership with its Allies and others to develop a common understanding of the strategic implications of East-West trade, building upon the agreement announced November 13, 1982. This approach should involve efforts to reach agreements with the Allies on specific measures, such as: (a) Enhanced COCOM controls on the flow of critical and certain

* The Departments of State, Treasury, Agriculture and Commerce object to this sentence and would like it removed.

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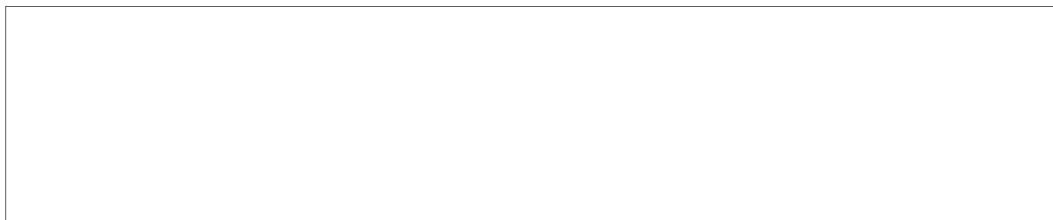
14 December 1982

MEMORANDUM FOR: Director of Central Intelligence

FROM: NIO/USSR-EE

SUBJECT: NSC Meeting on NSSD 11-82

1. A last minute brouhaha has developed over the draft.
2. Without telling anybody, State Department deleted two economic policy objectives. Pipes was, not without reason, furious. He has subsequently struck a compromise with State saying he would back down from the objectives if the majority of agencies thought they were inappropriate.
3. The two objectives:



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4. State believes that the first objective smacks of economic warfare and would create troubles with out Allies. On the second, State believes that we may want to leave some flexibility to get involved in projects which are in our own interest, for example to keep the Soviets out of some international markets. Commerce and Treasury has joined State and it thinks it may also get Agriculture and JCS aboard. The Vice President's office has no problems with the objectives although they believe that the second might be too sweeping.

5. I told State that we would abstain from taking a position since the issues are policy in nature. I told them, parenthetically, that you would probably have no problem supporting the first objective and the second if caveated as suggested by the Vice President's office.

6. The papers that State are preparing for Shultz are not yet complete and are not supposed to come up at the NSC.



Stan Moskowitz

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14 December 1982

MEMORANDUM FOR: Director of Central Intelligence
FROM: NIO/USSR-EE
SUBJECT: NSC Meeting on US Policy Toward the
Soviet Union

1. Attached are the draft of NSSD 11-82 "US Relations with the USSR" and the supporting IG study.

2. You will recall that this NSSD was over a year in the mill. Pipes' impending departure finally got it moving. It is, in effect, his legacy and clearly reflects his views.

3. As we discussed last week, the essence of this NSSD is broad-based policy. There is not much one could, or should, add from an intelligence point of view, given the broad policy nature of the undertaking. You will recall that we did provide Part I of the IG back-up study "The Determinants of Soviet Behavior."

4. If you are inclined to contribute on intelligence perspective of the Andropov leadership thus far, I would be happy to give you some talking points, picking up from latest DDI memoranda.

5. I talked to Pipes last week about the NSC. He foresaw no last minute glitches. DoD likes the NSSD and State professes to also, although it worked to tune-down some of Pipes sharper charges regarding working for change in the USSR. Agriculture has a footnote, reflecting their concern over another grain embargo.

6. I think its a good policy statement.

7. One item of special pleading. As you know, the US is currently building a new Embassy compound in Moscow with housing for Embassy officers. This, in effect, will create a ghetto for US officials, comfortable, no doubt, but it

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serves Soviet purposes by further isolating the Western community from Soviet citizens and the reality of life in the USSR. There is also only one entrance and exit serving the entire compound. It does not move us in the right direction, and if its not too late (the buildings are already going up), we should reverse the decision or limit the numbers of officers affected. We estimate that about 70 percent of all officials (State) would live in the ghetto.

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Stanley Moskowitz

Note:

I just learned that State has its own draft paper and may drop it on the table at the NSC meeting. Despite concurrence with Pipes' NSDD-11, State may in fact resist its implementation.

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ES/MI #226
7 December 1982

MEMORANDUM FOR: See Distribution

SUBJECT : Meetings

Type of Meeting	:	NSC
Date	:	Thursday, 16 December 1982
Time	:	2:00-3:00
Place	:	Cabinet Room
Chaired By	:	President
Principal Only?	:	Yes
Subject/Agenda	:	U.S.-Soviet Policy

When to Expect Papers	:	Will advise
Time Info Received	:	Per Carol Cleveland, NSC, 3:15

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Note: This is a rescheduled meeting that was to be held on Friday, 10 December.